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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 CIAE-00 INR-07

NSAE-00 INRE-00 MC-02 PM-03 ACDA-05 EB-07 AID-05

IGA-01 COME-00 TRSE-00 OMB-01 SS-15 NSC-05 /064 W
---------- 067626
O R 071249Z MAR 75
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 3323
SECDEF WASHDC
INFO AMEMBASSY THE HAGUE
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM
AMEMBASSY COPENHAGEN
AMEMBASSY PARIS
USMISSION NATO BRUSSELS

C O N F I D E N T I A L BRUSSELS 1994

EMBASSIES ALSO FOR CHIEF MAAGS AS APPROPRIATE

E.O. 11652: GDS
TAGS: MASS, BE
SUBJECT: F-104 REPLACEMENT

1. FOLLOWING REPORT ON PRESENT BELGIAN GOVERNMENT POSITION CONCERNS, AND MOOD ON F-104 REPLACEMENT IS RESULT OF OUR COORDINATED SOUNDINGS TAKEN MARCH 6 AFTER RETURN OF BELGIAN TEAM FROM PARIS AND WASHINGTON AND AS THEY AWAIT FINAL, WRITTEN US REPLIES TO THEIR QUESTIONS.

2. BELGIANS RETURNED FROM FEB. 25-26 MEETING WITH DOD ENTIRELY SATISFIED AT THEIR RECEPTION, INTERIM US REPLIES, AND DELIGHTED WITH ATTENTION PAID TO THEIR CONCERNS. THEY SAID THAT US MADE STRONG GAINS IN TWO AREAS: A) US AGREEMENT TO CONTINUE CONSORTIUM PARTICIPATION UP TO 15 PERCENT IN F-16 SALES TO THIRD COUNTRIES BEYOND 100 PERCENT RECOUP POINT; AND B) US ASSURANCES ON "RSONABLE COMPETITIVENESS" QUESTIONS, THROUGH ECONOMICS
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MINISTRY HAS EXPRESSED CONCERN THAT COMMITMENTS AFTER THREE YEARS

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OF COPRODUCTION MIGHT BE DIFFICULT TO IMPLEMENT DUE TO PROSPECTIVE INCREASE IN BELGIAN PRODUCTION COSTS.

3. WHILE AWAITING FINAL US ANSWERS, THREE AREAS ARE STILL TROUBLE-SOME TO BELGIANS: A) DIVISION OF AVIONICS WORK BETWEEN CONSORTIUM MEMBERS HAS NOT YET BEEN SETTLED. BELGIUM REALIZES THAT AS IT WILL GET LION'S AHRE OF ENGINE WORK, IT MUST EXPECT TO HAVE LESSER SHARE IN AVIONICS, HOWEVER, BELGIUM IS INTERESTED IN DOING "INTERESTING" AVIONICS WORK. SPECIFICALLY, BELGIUM WANTS TO DO WORK ON: (1) RADAR SIGNAL PROCESSOR; (2) RADAR DATA PROCESSOR; AND (3) RECEIVER-EXCITER FOR LOOKDOWN RADAR. FIRST TWO REQUESTS MADE TO WASHINGTON BUT THIRD ITEM HAS SINCE BEEN ADDED. BELGIAN GOVERNMENT EXPECTING US.S. FINAL REPLY.

B) ECONOMICS MINISTRY STILL CONSIDERS US PROJECTION OF INFLA-TION TOO LOW. SOME ECONOMICS MINISTRY OFFICIALS FIND FRENCH ESTIMATE EQUALLY UNREALISTIC BUT ATTRACTIVE DUE TO FRENCH GOVERNMENT GUARANTEE ON INFLATION FACTOR, WHILE OTHERS SKEPTICAL OF FRENCH ABILITY CARRY OUT GUARANTEE.

C) WHILE REASONABLY SATISFIED WITH US ASSURANCES OF "REASONABLE COMPETITIVENESS", BELGIANS ARE INTERESTED IN ESTABLISHMENT OF ARBITRATION COMMITTEE TO IMPLEMENT COMMITMENT OF COPRODUCTION OFFER. THIS RELATES TO CONCERN ON CO-PRODUCTION COMMITMENT AFTER COMPLETION FIRST TRANCHE (I.E. THREE YEARS) NOTED ABOVE.

4. BELGIAN GOVERNMENT HAS NOT YET TAKEN A DECISION BETWEEN US AND FRENCH AIRCRAFT AND WILL NOT DO SO UNTIL CABINET MEETS AFTER MODS MEETING WITH IS SCHEDULED FOR MARCH 24 IN BRUSSELS. SWEDISH VIGGEN IS OUT OF THE COMPETITION. BEOGIANS INSIST THAT BELGIUM AND THE NETHERLANDS WANT TO MAKE THEIR DECISIONS BEFORE THE END OF MARCH, WHILE NORWAY AND DENMARK ARE NOT UNDER SAME INTERNAL PRESSURES. THE MECHANICS OF HOW EACH CONSORTIUM COUNTRY WILL MAKE ITS CHOICE KNOWN (INDIVIDUALLY OR ALL TOGETHER, ASSUMING THEY ARRIVE AT A JOINT DECISION) HAVE NOT YET BEEN WORKED OUT. WE HAVE BEEN PROMISED THIS INFO WHEN AVAILABLE. SEVERAL SOURCES SAY THAT BELGIANS AND DUTCH WANT TO CHOOSE THE SAME PLANE FOR POLITICAL REASONS. ONE COURCE SAYS THEY HAVE AGREED TO DO SO AND THAT BELGIAN GOVERNMENT CANNOT MAKE A DECISION UNLESS BELGIANS AND DUTCH AGREE ON CHOICE OF PLANE.
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5. AS A FINAL SIDELIGHT, WHICH WE REPORT WITH CAUTION, OUR CONTRACTS IN MINISTRIES OF FOREIGN AND ECONOMIC AFFAIRS DISPLAYED AN ENTHUSIASM AND OPENESS TO US DURING OUR LATEST SOUNDINGS, WHICH HAVE BEEN NOTABLY LACKING UP TO NOW.FIRESTONE

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